

BEFORE THE IOWA PUBLIC EMPLOYMENT RELATIONS BOARD

IN THE MATTER OF ARBITRATION)

Between)

Cass County, Iowa)
Public Employer)

and)

Public Professional)
And Maintenance)
Employees, Local 2003)
(IUPAT))
Employee Organization)

ARBITRATION
AWARD

Ruth M. Weatherly, Arbitrator

award issued April 30, 2004

Public Employment Relations Board CEO #106/ Sector 1

Appearances:

For Cass County:

James P. Barry, County Attorney

For PPME:

Lacey Jilek, Field Representative
Joe Rasmussen, Business
Representative

JURISDICTIONAL BACKGROUND

This proceeding comes before the arbitrator pursuant to Iowa Code Chapter 20. Cass County (hereinafter "County") and PPME Local 2003 (hereinafter "Union") engaged in negotiations for an agreement to succeed the current one-year contract that expires June 30, 2004, but were not able to reach agreement on the issues of wages and health insurance. By letters dated November 14, 2003, Mr. Barry and Ms. Jilek agreed to extend to May 15, 2004 the deadline for completion of the bargaining process. While the parties participated in mediation, it did not result in an agreement. The parties presented their positions on the two items agreed to be at impasse in a fact-finding hearing on February 29, 2004, in Cass County. Fact-

finder Kristin H. Johnson issued her recommendations in an opinion dated March 12, 2004. That fact-finding recommendation was accepted by the Union. The County rejected that recommendation by vote of the Board of Supervisors.

On April 23, 2004, beginning at 1:00 p.m., the parties appeared before the undersigned arbitrator at the Cass County Court House in Atlantic, Iowa. The undersigned tape-recorded the hearing. The County and Union had the opportunity to present all evidence and oral argument in support of their respective positions, and to submit to the arbitrator documentary evidence as presented and reviewed at the hearing. Post hearing briefs were not sought or filed. This award is based on the evidence, facts, and arguments presented by the parties.

FACTUAL BACKGROUND

Cass County is located in the southwest quarter of Iowa, in the third tier of counties "up" from the state's southern border. Atlantic, the county seat, is about 80 miles west and slightly south, from Des Moines. The county population is approximately 14,700 by the 2000 census.

The parties' bargaining relationship has existed since 1978. While it's unclear whether the parties had one, versus two, negotiation sessions for a contract subsequent to the current one, a fair conclusion is that they spent limited time bargaining in this cycle. Prior to fact-finding, one mediation session took place on January 23, 2004.

The Union presently represents 24 employees in the unit of secondary roads workers. There are eight job titles or classifications, of which two are not currently populated with employees. Since health insurance is one of the two items at impasse, and in view of the overall economic significance of the insurance issue, it is worth noting here that among the 24 unit employees, 7 elect "single" coverage, and 17 have "family" coverage. The County subscribes to a Blue Cross/Blue Shield "ISAC" (Iowa counties association) policy. However those policy provisions have higher deductibles and out-of-pocket maximums than are applicable under the agreement with the Union. The County self-insures* for the differences.

* While the term "self-insure" is a commonly applied term, technically, through the use of the trust fund described by the County, self-funding appears to be in operation.

The County has contracts with three other employee organization representatives, in addition to the roads group represented by PPME.

STATUTORY CRITERIA for BINDING IMPASSE ARBITRATION

Section 20.22, paragraphs 3 and 11 of the Iowa Public Employment Relations Act require that the arbitration award be restricted to the most reasonable offer, in the judgment of the arbitrator, of the final offers on each impasse item submitted by the parties, or the recommendations of the fact-finder on each impasse item. The specific criteria to be used in assessing the reasonableness of the parties' arbitration proposals, as set forth in Section 20.22 (9) *in addition to any other relevant factors* are:

- a. *Past collective bargaining contracts between the parties including bargaining that led up to such contracts*
- b. *Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and classifications involved*
- c. *The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services*
- d. *The power of the public employer to levy taxes and appropriate funds for the conduct of its operations*

IMPASSE ITEMS AND FINAL POSITIONS

The parties have agreed that only two issues are at impasse: health insurance, and wages. Their respective final positions for arbitration and rationale are briefly summarized as follows.

Union:

The Union seeks to increase all wages in all job classifications 42 cents per hour across-the-board. This would be a 3% increase when applied to the "patrol operator" (Equipment Operator II) job title. Their position is that when compared to wages for similar classifications in the seven counties surrounding and contiguous to Cass, the

present wage rates are substandard, and the proposed increase would result in wages still below average.

As to insurance, the Union seeks to change only the deductibles, by increasing them from \$100/\$200 to \$250/500, where the first figure is the deductible for single and the second is family. The Union states that health insurance has been their highest priority for this employee group. The Union suggests that the County's proposal to increase employee contributions from \$172.00 to \$211.64 monthly for family coverage is a drastic change which would compound the problem of Cass County employees' responsibility for significantly higher premiums for family coverage compared to other counties' employees.

County:

The County proposes to increase all wages in all job classifications by \$800 per year, or 38 cents per hour, equating to a 2.75% increase for the Equipment Operator II. The effective percentage increase would range from 2.60 to 3.16 across the other job classifications. By the County's list of comparables, the proposed new wage for the Equipment Operator II, at \$14.33, would be one cent above the comparable average for the same position.

The County seeks the same increase in deductibles (to \$250/\$500, from the currently applicable \$100/\$200) as does the Union's final position.

Also, the County seeks to change the insurance provisions so that the employees under the family health coverage pay the monthly dependent premium up to \$211.64 (rather than the \$172.00 figure in the current contract) with the County picking up the remainder. The County points out that since 1999, the total premium cost for family coverage has increased 82% and for single coverage, 110%. Of the family premium, bargaining unit employees' share has increased \$62.00, or 3.8% per year, while the County absorbed an increase of \$343.50 monthly, or 21.25% per year. The single coverage premium increase has been paid entirely by the County. The County, with use of its preferred comparables, suggests that the insurance provisions enjoyed by the county roads employees constitute a better policy, when deductibles and out-of-pocket maximums are taken into consideration. At the same time, the County argues for a view beyond comparables, saying that

each insurance plan is particular to a group and its usage, thus comparables to an extent become meaningless. Under this view, if the applicable insurance becomes more expensive due to the specifics of the group's claims, it is logical for the group to share in the increased costs.

ANALYSIS AND CONCLUSIONS

Bargaining history

Comparables

As to the factor of past contracts between the parties, including the bargaining that led to such contracts, note must be made of the relative maturity of the relationship between Cass County and the Union. Iowa PERB recognized PPME as the certified bargaining representative for the Cass County secondary roads employees nearly 26 years ago. Whether because of this long-term bargaining history or in spite of it, the parties apparently took hard-line positions for the most recent negotiations. Evidence at the April 23 hearing shows that only one, or perhaps two, bargaining sessions took place. One might wonder whether the parties could have or should have dedicated more time and energy to seeking common ground for a voluntary agreement; resources so directed might well have been a better use than for fact-finding and arbitration proceedings.

The issue of the counties to be used for comparisons is a point relevant to both the first and second factors for consideration under Iowa Code Section 20.22 (9) as referenced hereinbefore. Whether a group of counties was agreed to as the appropriate comparison base constitutes a "bargaining history" matter, while the comparison data as derived *allows* for making comparisons with other public employees. The Union listed Adair, Adams, Audubon, Guthrie, Montgomery, Pottawattamie, and Shelby counties as the basis for comparisons. These counties are contiguous to and immediately encircle Cass. Fact-finder Kristin H. Johnson determined that during the number of years over which the parties' bargaining agreements existed, the group of comparison counties listed above "has been used for comparisons," and that the County "proposes to change the comparability group" (Fact-finder Recommendations, dated March 12, 2004, at page 4.) Thus, while the County position at the arbitration hearing was that it was not aware

of any agreement with the Union on comparables, I will accept the finding of Fact-finder Johnson on that issue. Also, I agree with Fact-finder Johnson's conclusion that the parties must have recognized in the past that among the "established group of counties" Pottawattamie County stands out as more populated, and with more road miles, number of employees, and property tax values, and likely, more resources. (Fact-finder Recommendations, at pages 4 and 5.)

The parties did arrive at the same place regarding an increase in insurance deductibles, in their final positions for arbitration. On that point, the direction for me to proceed is clear. The Union and County positions are the same regarding increased deductibles, while the fact-finder recommended no change in deductibles, and an increase in family coverage employee premium contribution to \$200. With a statutorily mandated choice among the final positions of the parties, or the fact-finder's recommendation, I would be hard pressed to select one that varies from a position held in common by the parties. If the parties both agree to the position, I will assume that it is the more reasonable, particularly since they reached that point through the extension of the bargaining process, albeit in preparation for the final stage of impasse resolution. However, I must then select between the Union and County positions regarding the employee contributions to premiums for dependent insurance coverage.

At hearing, the County suggested that the Union's focus on their premium contribution rates and deductibles was not a proper analysis. The County view would instead include an argument based on the type of policy in place and what the County pays in premiums. It must be noted here that the County makes the selection of the policy in place.

While the County does not agree with the use of the term "cap," the current one-year agreement (at Article 13 thereof) does specify: "Dependent premiums greater than \$172 per month will be paid by the Employer." This operates as a specific dollar amount *limit* subject to change through the bargaining process. That process over the past ten years has resulted in employees paying an annual average of 37.86% of the difference between the premiums for family versus single coverage. The range of the percentage of the difference payable by the employees is small;

from 35.48% to 40.89%. It is reasonable for the employees who subscribe to family/dependent coverage to pay \$211.64 toward the monthly premium, an increase from the \$172 per month under the contract now in force.

This increase will result in an employee contribution rate for 2004-2005 higher than in the immediately contiguous comparison counties (including Adams, not yet settled as of April 23, but at \$140 per month for the current year.) However, another aspect of the comparison is important. At \$250/\$500 deductible, the Cass County Roads employees will still enjoy benefits at levels higher than three of the comparison counties. (Shelby is not considered here, due to the unusual PPO use-based reimbursement.)

It is a fact of economic life that health insurance premiums have typically increased in double-digits annually for the past several years. Over 40 million people in the U.S. have no health insurance coverage, and many of those people are employed, in situations where their wages are so low, or the insurance premiums so high, access to the insurance is irrelevant. Where employees have access to health insurance and the employer and employees or their representatives have arranged for employees to share in some of the cost of increased health insurance premiums, it is most reasonable for that to continue. The Union has stated that insurance is the number one priority for this unit's employees. They have historically participated in paying for premiums attributable to insurance for family/dependent coverage, and continuing to do so at a rate consistent with their historical pattern is reasonable.

As indicated by the Fact-finder, it appears the parties' past agreements have applied across-the-board increases in flat dollar amounts. Fact-finder Johnson observed that the Cass County Roads unit, with a priority for the insurance issue, has historically accepted smaller wage increases by comparison to other Cass County employee units. However, the focus of most of the comparable data presented for arbitration is the Patrol Operator position in the comparable counties. For 2003-2004, the Cass County Patrol Operator hourly rate is at the middle of the pack of the seven comparables. Guthrie, Adams, Audubon, and Adair pay less than the Cass \$13.95 rate, and Shelby, Montgomery, and Pottawattamie pay more. However, the Cass rate of \$13.95 is 35 cents lower than the average of the comparables.

Of the four comparable counties that have settled for 04/05, and granted increases (Adams and Guthrie show no increase) the average increase is 34.5 cents, or 2.3%. Leaving Pottawattamie out of the analysis results in three counties with increases, averaging 35 cents, or a 2.4% increase. Notably, Montgomery and Shelby have settled for 40 and 30 cents respectively, and both pay for the entire family insurance coverage premium. With a 42 cents per hour increase for 2004-2005, the Cass Patrol Operator rate will be 28 cents below the average of six comparable counties that had settled. Even excluding Pottawattamie, the Cass rate of \$14.37 would be 18 cents per hour below the average of five comparables.

The Union's position, seeking 42 cents across-the-board, or 3% on the Patrol Operator rate, is the most reasonable considering the comparables, and the increase in the employees' share of the family/dependent insurance premium. A Patrol Operator's monthly wage would be \$2491 (gross) per month at the \$14.37 hourly rate. This is a \$72 (gross) increase from the 2003/04 rate. Of that \$72, the persons who have the family/dependent coverage will pay an increased premium contribution that is more than half of the wage increase. This appears to affect over 70% of the people in the unit.

Interest/welfare of the public/ability of employer to finance adjustments

Power of the employer to tax and appropriate funds

Neither party presented evidence that the interests or welfare of the public, or the ability of the County to finance economic adjustments, or the effect of economic adjustments on normal standards of service were at issue. Similarly, there was no suggestion that the County could not levy taxes or appropriate funds to conduct its operations.

While the County did not suggest that its concern for the current and projected status of its "self-insured trust fund" rose to the level of the interests or welfare of the public or the power of the employer to tax and appropriate funds, it is convenient to mention the issue here. The County advised the undersigned, via Mr. Barry's Arbitration Brief and Argument, as well as at the hearing, that "given current usage and no change in plans, the County's self-insured trust fund will continue to be depleted," with a projection to a "level that would be unacceptable for the County and all employees to assume and

pay future claims." (County Arbitration Brief, at page 7.) No one can foresee future health insurance claims use. Actuaries engage in broad projections, using analyses of historical data. But, it certainly is not possible for the parties herein to bargain their health status and claims use. The best that might be achieved in this regard is for parties engaged in collective bargaining to agree to such things as incentives for healthy lifestyle choices, in order to attempt to affect future claims use.

AWARD

For the reasons stated above, and in particular after due consideration of all statutory requirements and all the evidence, testimony, and argument presented by the parties, I find the County's final position is the more reasonable on the issue of insurance (deductible increase to \$250/\$500, and employee share of family/dependent coverage premium increased to \$211.64) and the Union's position is more reasonable on wages, to increase across-the-board by 42 cents per hour, for all positions in all classifications.

Respectfully submitted,

Ruth M. Weatherly 4/30/04

Ruth M. Weatherly J.D., M.B.A.

Arbitrator

CERTIFICATE OF SERVICE

I certify that on the 1st day of May, 20 04, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (_____ personally delivering) (_____ mailing) a copy to them at their respective addresses as shown below:

Mr. James P. Barry
Cass County Atty.
5 West 7th Street
Atlantic IA 50022

Ms. Lacey Jilek
Field Representative
PPME Local 2003
1315 E. 33rd Ct
Des Moines IA 50317

I further certify that on the 1st day of May, 20 04, I will submit this Award for filing by (_____ personally delivering) (_____ mailing) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Ruth M. Weatherly
Ruth M. Weatherly, Arbitrator
(Print Name)

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